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BaWang International (Group) Holding Limited
霸王國際（集團）控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01338)

MAJOR AND CONNECTED TRANSACTION
2026 LEASE AGREEMENT

MAJOR AND CONNECTED TRANSACTION

On 10 April 2026 (after trading hours), Bawang Guangzhou and Guangzhou Bawang entered into the 2026 Lease Agreement in relation to the leasing of certain premises located within the Bawang Industrial Complex, 468 Guanghua 3rd Road, Baiyun District, Guangzhou, the PRC for a term of 5 years from 1 July 2026 to 30 June 2031.

Pursuant to IFRS 16 (Leases), the premises to be leased under the 2026 Lease Agreement will be recognised by the Group as a right-of-use asset and a corresponding lease liability with a book value of approximately RMB32,623,000 as at 1 July 2026, and the transactions contemplated under the 2026 Lease Agreement will be regarded as an acquisition of a right-of-use asset by the Group pursuant to the Listing Rules.

LISTING RULES IMPLICATIONS AND THE EGM

As at the date of this announcement, Guangzhou Bawang is ultimately wholly-owned by Mr. CHEN Qiyuan, the chairman and an executive director of the Company, and Mr. CHEN Zheng He, the chief executive officer and an executive director of the Company, by themselves and through companies that are wholly-owned by them. Guangzhou Bawang is therefore an associate of Mr. CHEN Qiyuan and Mr. CHEN Zheng He and is therefore a connected person of the Company pursuant to Rule 14A.12 of the Listing Rules, and the 2026 Lease Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapters 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the 2026 Lease Agreement, on the basis of the value of the right-of-use asset to be recognised by the Company in connection with the 2026 Lease Agreement exceeds 25% but all of them are less than 100%, the 2026 Lease Agreement constitutes a major and connected transaction in respect of an acquisition of a right-of-use asset by the Company from its connected person and is subject to reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The EGM will be convened and held by the Company to consider and, if thought fit, approve the 2026 Lease Agreement and the transactions contemplated thereunder.

The EGM Circular containing, among other things, (i) further details of the 2026 Lease Agreement; (ii) a letter from the Independent Board Committee to the independent Shareholders; (iii) a letter from Silver Nile Global Investments Limited, the Independent Financial Adviser appointed to advise the Independent Board Committee and independent Shareholders; and (iv) other information as required under the Listing Rules, together with the notice of the EGM, will be despatched to the Shareholders on or before 24 April 2026 in accordance with the requirements of the Listing Rules.

INTRODUCTION

On 10 April 2026 (after trading hours), Bawang Guangzhou and Guangzhou Bawang entered into the 2026 Lease Agreement for the Group's production facilities, office premises, warehouses and staff dormitory for a fixed term of five years commencing from 1 July 2026 to 30 June 2031 (both days inclusive).

The 2026 Lease Agreement will only become effective upon fulfilment of certain conditions, which include, among others things, compliance with the independent shareholders' approval requirements at the EGM under the Listing Rules.

THE 2026 LEASE AGREEMENT

The principal terms of the 2026 Lease Agreement are set out below:

Date:	10 April 2026
Lessor:	Guangzhou Bawang
Lessee:	Bawang Guangzhou
Leased Premises:	Certain premises located within the Bawang Industrial Complex, 468 Guanghua 3rd Road, Baiyun District, Guangzhou, the PRC
Gross floor area leased:	37,997.7 sq.m.
Term:	A fixed term of five years commencing from 1 July 2026 to 30 June 2031
Use:	Production facilities, office premises, warehouses and staff dormitory
Monthly rental:	RMB607,963.2 (inclusive of tax) The rent shall be paid monthly and the rent for each month must be paid before the 10th day of that month The monthly rental is exclusive of management fees and other outgoings, which are payable to independent third party management company. The fair market rent of the premises as determined by an independent valuer as at 28 February 2026 is RMB690,000 per month
Historical rental:	The historical amounts paid to Guangzhou Bawang for the leased premises were approximately RMB9.5 million, RMB10.1 million and RMB8.3 million for the years ended 31 December 2023, 2024 and 2025, respectively
Other terms and conditions:	The Existing Lease Agreements have an original term from 1 July 2021 to 30 June 2026. The 2026 Lease Agreement shall become effective on 1 July 2026 upon the Company's compliance with the Listing Rules in respect of the approval of the said agreement (including but without limitation approval by the Independent Shareholders)

The terms of the 2026 Lease Agreement were determined after negotiation between Bawang Guangzhou and Guangzhou Bawang by reference to the rent in the vicinity of the leased premises and the fair rent of the premises as described in the Fair Rent Letter.

The monthly rent payable per sq.m. of floor space rented by Bawang Guangzhou under the Existing Lease Agreements is approximately RMB21.83 for the period from 1 July 2021 to 30 June 2024, RMB24.84 for the period from 1 July 2024 to 31 July 2025, and RMB18.84 for the period from 1 August 2025 to 30 June 2026, respectively. Under the 2026 Lease Agreement, the monthly rent payable per sq.m. of floor space rented would be approximately RMB16.00.

Bawang Guangzhou shall pay the rent with its internal resources.

FINANCIAL EFFECTS OF THE TRANSACTIONS CONTEMPLATED UNDER THE 2026 LEASE AGREEMENT

It is expected that upon the 2026 Lease Agreement becoming effective, Pursuant to IFRS 16 (Leases), the Group will recognise a right-of-use asset and a corresponding lease liability, each at approximately RMB32,623,000 (on a present value basis) as at 1 July 2026. This will result in an equal increase in the Group's total assets and total liabilities of approximately RMB32,623,000, respectively.

The right-of-use asset will be depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, with annual depreciation charges amounting to approximately RMB6.5 million during the term of the 2026 Lease Agreement. Interest expenses on the lease liabilities will be recognised at the incremental borrowing rate of the Group, which is estimated at approximately 3.28% per annum for the 2026 Lease Agreement, and is expected to amount to approximately RMB1.1 million per annum. After the commencement date of the 2026 Lease Agreement, the lease liabilities will be adjusted by interest accretion and lease payments. The Group's earnings are expected to experience a decrease due to the aggregate effect of the depreciation charge on the right-of-use asset and the interest expenses on the lease liabilities.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2026 LEASE AGREEMENT

The Group's production has been operating within the Bawang Industrial Complex since August 2013. Furthermore, on 1 December 2017, the Group also relocated its office premises from its previous location to its current location within the Bawang Industrial Complex, which the Directors believe the co-location of our office premises, production facilities and warehouses have been conducive in further improving the operational efficiency of the Group through, among other things, enhancing interaction between the Group's management staff and its production staff.

Bawang Industrial Complex is located in Baiyun District, Guangzhou, which is a commercially developed area with numerous companies engaged in the production of personal care and cosmetic products. Such strategically selected location of the Group's production premises and ancillary facilities is, in the view of the Directors, beneficial to the continuous optimisation of operational efficiency of the Group's business operations.

The Bawang Industrial Complex is also well-equipped with its own utility supply (such as heating furnace and roof-top solar power panels), and also has its own waste discharge and processing facilities, which have supported the Group's production operations without the need for the Group to set up its own facilities.

Furthermore, the Group has established presence locally in Baiyun District since August 2013, which has allowed the Group to foster a stable and cooperative relationship with the local governmental authorities over the years, and the Group has been able to enjoy favourable government policies and incentives including:

(a) since 2018, Bawang (Guangzhou) Co., Ltd., a wholly-owned subsidiary operated by the Group, was successfully registered as a Four Categories enterprise in Baiyun District, Guangzhou City. It continues to benefit the preferential policies implemented under the Interim Measures for Promoting the Accelerated Development of Four Categories Enterprises in Baiyun District, including but not limited to favourable policies for talent settlement and nearby school enrolment for employees' children, etc.;

(b) since 2018, Guangzhou Bawang Trading Company Limited, a wholly-owned operating subsidiary of the Company, has been enjoying the export tax rebates under the export tax rebate scheme offered by the Ministry of Finance and State Taxation Administration of the PRC; and

(c) Bawang Guangzhou has been awarded "Key Tax Payer (納稅大戶)" by the People's Government of Jianggao Town, Baiyun District, Guangzhou in 2022, 2023 and 2024. Being named a Key Tax Payer in Baiyun District gives the Group a competitive advantage among other enterprises in Baiyun District in terms of a higher credit score, which may be commercially beneficial to the Group's business operation and financing activities in the future.

On the basis of the above, the Board (excluding the members of the Independent Board Committee, whose views will be contained in a letter from the Independent Board Committee in the EGM Circular) is of the view that the continued leasing of the existing premises under the 2026 Lease Agreement would be in the best interests of the Company and the Shareholders as a whole, because:

(a) the Bawang Industrial Complex is in close proximity to major highways, namely the Guanghua 1st Class Highway (廣花一級公路) and Shenyang-Haikou Expressway (瀋海高速), where the Group has also enjoyed its logistic convenience by situating its production base in an area with an abundant supply of transportation, logistics and warehousing services providers, the combined effect of which has reduced warehousing and transportation costs of the Group. In light of the Group's expansion of e-commerce business in recent years, the availability of a large number of transportation and logistics providers in Baiyun District has further provided the logistics convenience that the Group had leveraged on, and therefore it is considered beneficial for the Group's operation premises to remain at its current location;

(b) if the Group relocates from the Bawang Industrial Complex, such relocation would result in additional expenses, including but not limited to, demolition and relocation expenses, renovation of new production facilities, office premises, warehouses and staff dormitory, necessary expenses for the purpose of constructing its own waste processing facilities, and obtaining the required permits and certifications from the relevant PRC authorities prior to re-commencement of operations, which the Board considered not to be economical after considering its financial performance;

(c) since early 2024, the Group's roof-top solar power panels at the Bawang Industrial Complex have commenced operations. If the Group relocates from the Bawang Industrial Complex, it will be difficult to continue utilizing these roof-top solar power panels to achieve production cost savings, which the Board considers not to be in the economic interest of the Group after assessing its impact on the Group's financial performance.

(d) any relocation would require the Group to bear the risk of either production downtime or production capacity reduction (or both) and might also require the Group to hire and re-train new employees due to staff turnover, and to re-apply and obtain all necessary licences and permits that are required for the Group's production, which would adversely affect the production capacity and hence the revenue of the Group until relocation has been completed, which would be commercially undesirable to the Group as a whole; and

(e) the monthly rent payable per sq.m. of floor space rented by Bawang Guangzhou under the Existing Lease Agreements would decrease from approximately RMB18.84 to RMB16.00 under the 2026 Lease Agreement as compared with the Existing Lease Agreements, for the same leased premises with the same gross floor area leased.

In considering whether the term of the 2026 Lease Agreement, including whether the rental payable and the rent increment stipulated under the 2026 Lease Agreement are fair and reasonable, the Board has also made reference to the Fair Rent Letter, according to the current prevailing market practice by making reference to comparable market rent transactions. Given that the Group's primary production facilities, warehouses and office premises together with staff dormitory are located within the Bawang Industrial Complex, and any disruption to the Group's operations caused by relocation would materially impact the Group's operations, the Board is of the view that a five-year lease agreement does not deviate from the normal commercial practice for leases of a similar nature. After carefully considering the terms proposed by the Lessor, the Board considered it more commercially beneficial for the Group to continue to enter into a longer term lease agreement with agreed rental rates for the coming five years under the 2026 Lease Agreement.

The Board (excluding the members of the Independent Board Committee, whose views will be contained in a letter from the Independent Board Committee in the EGM Circular) is of the view that (a) the 2026 Lease Agreement is on normal commercial terms and are fair and reasonable, and that the Fair Rent Letter also supports this view, and (b) the lease of the premises located within the Bawang Industrial Complex as the Group's production facilities, office premises, warehouses and staff dormitory have been and will be conducted in the ordinary and usual course of business of the Group, and (c) the 2026 Lease Agreement is in the interests of the Company and the Shareholders as a whole.

The Interested Directors are deemed to have material interests in the 2026 Lease Agreement and had abstained from voting on the relevant resolution at the Board meeting approving the 2026 Lease Agreement and the transactions contemplated thereunder.

INFORMATION ABOUT THE PARTIES

The Company, the Group and Bawang Guangzhou

The Company is an investment holding company. Bawang Guangzhou is a wholly-owned subsidiary of the Company.

The Group is principally engaged in the design, manufacture and sale of Chinese herbal shampoo and hair-care products as well as other products such as skincare products, toothpaste, and shower gels.

Guangzhou Bawang

The principal business activities of Guangzhou Bawang are property investment, property development, property management, real estate agency services and property leasing.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Guangzhou Bawang is ultimately wholly-owned by Mr. CHEN Qiyuan, the chairman and an executive director of the Company, and Mr. CHEN Zheng He, the chief executive officer and an executive director of the Company, by themselves and through companies that are wholly-owned by them. Guangzhou Bawang is therefore an associate of Mr. CHEN Qiyuan and Mr. CHEN Zheng He and is therefore a connected person of the Company pursuant to Rule 14A.12 of the Listing Rules, and the 2026 Lease Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A the Listing Rules.

Pursuant to IFRS 16 (Leases), the premises to be leased under the 2026 Lease Agreement will be recognised by the Group as a right-of-use asset and a corresponding lease liability with a book value of approximately RMB32,623,000 (on a present value basis) as at 1 July 2026, and the transactions contemplated under the 2026 Lease Agreement will be regarded as an acquisition of a right-of-use asset by the Group pursuant to the Listing Rules.

Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future. The right-of-use asset represents a right to use the underlying leased premises over the lease term and the lease liability represents an obligation to make lease payments (i.e., the rent). The assets and liabilities arising from the lease are initially measured on present value basis and calculated by discounting the lease payments under the 2026 Lease Agreement, using the incremental borrowing rate as the discount rate. Under IFRS 16 and in the consolidated statement of profit or loss and other comprehensive income of the Company, the Company shall recognise (i) depreciation charge over the life of the right-of-use asset; and (ii) interest expenses amortised from the lease liability over the lease term.

As the highest applicable percentage ratio in respect of the transactions contemplated under the 2026 Lease Agreement, on the basis of the value of the right-of-use asset to be recognised by the Company in connection with the 2026 Lease Agreement exceeds 25% but all of them are less than 100%, the 2026 Lease Agreement constitutes a major and connected transaction in respect of an acquisition of a right-of-use asset by the Company from its connected person and is subject to reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A the Listing Rules.

To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, Fortune Station Ltd., which held approximately 60.12% of the entire issued share capital of the Company as at the date of this announcement, will be required to abstain from voting at the EGM on the ordinary resolutions relating to the 2026 Lease Agreement. As at the date of this announcement, Fortune Station Ltd. was controlled as to approximately 50.43% by Mr. CHEN Qiyuan and approximately 49.57% by Heroic Hour Limited, which in turn is held by Mr. CHEN Zheng He as trustee for himself and for his six brothers and sisters. Apart from Fortune Station Ltd., to the best knowledge, belief and information of the Directors after having made all reasonable enquiries, none of the other Shareholders as at the date of this announcement has a material interest in the 2026 Lease Agreement and the transactions contemplated thereunder and would be required to abstain from voting on the proposed ordinary resolutions approving them.

EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the 2026 Lease Agreement and the transactions contemplated thereunder. Any Shareholder with a material interest in the 2026 Lease Agreement and the transactions contemplated thereunder and his/her/its associates shall abstain from voting on the ordinary resolution(s) approval them.

GENERAL

The EGM Circular containing, among other things, (i) further details of the 2026 Lease Agreement; (ii) the letter from the Independent Board Committee to the independent Shareholders; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and independent Shareholders; and (iv) other information as required under the Listing Rules, together with the notice of the EGM, will be despatched to the Shareholders on or before 24 April 2026 in accordance with the requirements of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"2026 Lease Agreement"	the lease agreement entered into between Bawang Guangzhou and Guangzhou Bawang on 10 April 2026 in respect of the lease of certain premises within the Bawang Industrial Complex for the Group's production facilities, office premises, warehouses and staff dormitory for

	a fixed term of five years commencing from 1 July 2026 to 30 June 2031 (both days inclusive)
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Bawang Guangzhou"	霸王(廣州)有限公司(Bawang Guangzhou Co., Ltd.*), a wholly-owned subsidiary of the Company
"Bawang Industrial Complex"	the premises located at 468 Guanghua 3rd Road, Baiyun District, Guangzhou, the PRC
"Board"	the board of Directors of the Company
"Company"	BaWang International (Group) Holding Limited, a company incorporated under the laws of the Cayman Islands with limited liability on 11 December 2007 whose shares are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held at 4:00 p.m. on Thursday, 28 May 2026 or immediately after the conclusion of the annual general meeting of the Company which will be held on the same day at 3:00p.m. to consider and, if thought fit, to approve the resolutions contained in the notice of the meeting which is set out in the EGM Circular
"Existing Lease Agreements"	the existing lease agreement dated 23 April 2021 between Guangzhou Bawang and Bawang Guangzhou, and as amended by the supplemental lease agreements dated 1 September 2022 and dated 1 August 2025, in respect of the rental of certain premises within the Bawang Industrial Complex for the Group's production facilities, office premises, warehouses and staff dormitory for a fixed term of five years commencing from 1 July 2021 to 30 June 2026 (both days inclusive)
"Fair Rent Letter"	the fair rent letter prepared by an independent valuer
"Fortune Station Ltd."	Fortune Station Ltd., a company incorporated in the British Virgin Islands with its issued share capital being held as to approximately 50.43% by Mr. CHEN Qiyuan, and approximately 49.57% by Heroic Hour Limited, a company incorporated in the British Virgin Islands with its entire issued share capital in turn being held by Mr. CHEN Zheng He as trustee for himself and on behalf of his six brothers and sisters
"Group"	the Company and its subsidiaries
"Guangzhou Bawang"	廣州霸王化妝品有限公司 (Guangzhou Bawang Cosmetics Co., Ltd.*), a company established in the PRC as a wholly foreign owned enterprise on 23 November 2001, which is controlled by the Interested Directors and beneficially owned by them together with their family members
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"IFRS"	International Financial Reporting Standard(s) issued by the International Accounting Standards Board, as may be amended from time to time
"Independent Board Committee"	the independent committee of the Company, the members of which consist of all the independent non-executive Directors, formed to advise the Independent Shareholders with respect to the 2026 Lease Agreement
"Independent Financial Adviser"	Silver Nile Global Investments Limited (銀豐環球投資有限公 司)*, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2026 Lease Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders who are not required to abstain from voting at the EGM
"Interested Directors"	Mr. CHEN Qiyuan and Mr. CHEN Zheng He
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Mr. CHEN Qiyuan"	Mr. CHEN Qiyuan, co-founder, chairman and an executive Director of the Company, one of the Company's controlling shareholders and the father of Mr. CHEN Zheng He
"Mr. CHEN Zheng He"	Mr. CHEN Zheng He, the chief executive officer of the Company, an executive Director and the son of Mr. CHEN Qiyuan
"PRC"	the People's Republic of China, and for the purpose of this announcement only, excludes The Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"RMB"	the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the share(s) in the share capital of the Company with nominal value of HKD 0.1 each
"Shareholder(s)"	shareholder(s) of the Company
"sq.m."	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

By order of the Board
BaWang International (Group) Holding Limited
CHEN QIYUAN
Chairman

Hong Kong, 10 April 2026

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. CHEN Qiyuan, Mr. CHEN Zheng He and three independent non- executive Directors, namely Mr. CHEUNG Kin Wing, Dr. LIU Jing and Mr. CHU Tat Hoi.

**For identification purpose only.*